LYNCHBURG REGIONAL AIRPORT COMMISSION MEMBER UPDATE

Wednesday, August 21, 2013

REPORT

CONTRACT TOWER FUNDING IN NEXT BUDGET REMAINS UNCERTAIN

With both the U.S. Senate and House of Representatives currently on their annual August recess, the fate of the Contract Tower Program remains uncertain, despite action by both bodies to specifically include funding in their respective DOT/FAA FY 2014 appropriations bills. Based on Congressional inaction on a new budget prior to its break, it is looking more and more likely that another short-term Continuing Resolution will be necessary to avoid a government shut-down October 1. As part of that, we need to make sure DOT/FAA finds the funds to keep the towers open for the bridge between September 30 and whenever the final 2014 appropriations bill is completed by Congress and signed by the President.

Accordingly, last week FAA Administrator Michael Huerta hosted a meeting of a dozen aviation industry stakeholders to discuss initial planning for the next round of sequestration, slated to kick-in in early 2014 unless Congress acts. The administrator reviewed the FY2013 actions taken by the agency (which involved reductions of \$486 million) and indicated that the FY2014 target would be \$697 million. In outlining possible additional cuts to meet the required \$697 million, the Administrator discussed a series of "bad choices" including furloughs, deferring controller hiring, reductions in the efficiency of the system and shrinkage of services. Specific examples of shrinking services identified by the Administrator included <u>phased out funding for contract towers</u>, flight service stations, and contract weather observers, with the explanation that "this allows FAA to target remaining resources to serve the largest number of passengers at the most utilized locations."

As you know, I recently sent emails to our Congressional delegation asking for their help by contacting the FAA Administrator and DOT Secretary to push for a commitment to keeping the contract towers open after the current fiscal year's funding authority ends. In addition, I met with two staffers from Congressman Bob Goodlatte's office here at LYH and gave them a full briefing and tour of the airport. They continue to express strong support and commitment to our efforts to keep our tower funded.

I will provide an update on this issue at next Monday's Commission meeting.

PROGRESS CONTINUES TOWARD CONTRUCTION OF NEW ATCT

We are now in the final stages of the site selection process for LYH's new air traffic control tower (ATCT), with the FAA-required Comparative Safety Assessment (CSA) meeting and final report now completed. The CSA is a comparison of the relative risk among the three potential sites that were identified in the ATCT Preliminary Siting Report, with the consensus of the review committee being that the preferred site adjacent to the existing ATCT was the overwhelming choice. I will provide an overview of where we are on this project at next Monday's meeting.

JULY PASSENGER TRAFFIC LEVELS OFF

After a somewhat disappointing 10 percent drop in passenger traffic in June, I'm pleased to report that that total passenger traffic at LYH was basically flat over the same month last year. Total passengers amounted to 12,536 for the month while recording a .4 percent decline compared to last July. The number of cancelled flights was considerably higher than last July, however, owing mainly

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to weather-related events. Overall, if we didn't suffer from this higher number of cancellations, it is likely that our July passenger volume would have registered a slight increase over last July.

AIRFIELD PROJECTS CONTINUE TO MAKE SLOW PROGRESS

The wet summer combined with some quality control testing issues have continued to delay the completion of the new GA ramp project. Although the contractor has finally passed the required concrete/aggregate reactivity testing process, more rain early this week has further delayed the August 19, 2013 anticipated start for placing concrete. Hopefully, with drier weather forecast for the latter part of the week, we'll finally start seeing some progress on this project.

Bids were received on July 10, 2013 for this year's major federal project, Phase 2 of the Airfield Pavement Rehabilitation project, with the low bidder being Branch Highways (Branch constructed the Runway 4 extension). Unfortunately, due to extremely high sub-contractor asphalt and paving service quotes, the total bid amounted to \$3, 985,275, or nearly \$500,000 higher than the engineer's estimate. Compounding the funding challenges we face with this bid is the uncertainty as to the amount of FAA discretionary funding that will be available this year. At this point we are attempting to pledge the airport's FAA entitlement funds for next year which, when combined with potentially greater discretionary funding next year, may allow us to complete the entire project between this Fall and next Spring. I will provide more details as part of my report to the Commission on Monday.

SPECIAL USE PERMIT PROCESS MOVES FORWARD IN CAMPBELL COUNTY

All application material and supporting documentation was provided to the Campbell County Zoning Administrator in late July in order to update the airport's Special Use Permit to include all of the new construction projects that were identified in the airport's new Master Plan. The request will be reviewed by the Campbell County Planning Commission on August 26, 2013, with action by the full Campbell County Board of Supervisors on October 1, 2013. On a related note, I am also moving forward on proposed changes to the Campbell County Airport Zoning District language in order to provide greater airspace protection for obstruction purposes. A similar update is being undertaken in parallel with the City of Lynchburg.

ITEMS FOR THE AGENDA

Following the consent agenda and updates on the Contract Tower Program and current airport airfield projects, the Commission will be asked to provide recommendations on two requests by Freedom Aviation regarding its operations at Lynchburg Regional Airport. One involves a request to amend Freedom's current 20-year Franchise Ordinance (essentially its lease) to remove current limitations on its retail fueling activities at LYH, and the other involves a request for the construction of a new 14,580 square-foot conventional hangar and related infrastructure. Your Commission package contains the required submissions by Freedom Aviation and other supporting documentation.

If you have any questions or comments prior to our next Commission meeting, don't hesitate to contact me at 455-6089 at my office, or by cell at 444-3363.

Respectfully yours,

Mark F. Courtney

Mark F. Courtney, A.A.E. Airport Director

LYNCHBURG REGIONAL AIRPORT COMMISSION Monday, August 26, 2013 4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

- 2. June 17, 2013 Commission Meeting Minutes
- 3. Lynchburg Regional Airport August 2013 Air Service Update
- 4. July 2013 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

- 5. Report of the Airport Director
 - A. An update on the status of the FAA's Contract Tower Program, a report with regards to federal funding options for contract towers in FY 2014, and an update on construction of a new ATCT at LYH.
 - B. An update regarding current airfield projects and FAA discretionary funding availability as related to Phase 2 of the Airfield Rehabilitation Project.
 - C. A report on the possible implications of the federal government's denial of the proposed merger of US Airways and American Airlines.
- 6. Consideration of a request by Freedom Aviation to amend its Franchise Ordinance to remove current limitations on its retail fueling activities at LYH.

Commission Action: Make recommendation to City Council

7. Consideration of a request by Freedom Aviation to expand its facilities by constructing a new 14,580 square-foot hangar addition and related infrastructure adjacent to its current facilities at LYH.

Commission Action: Make recommendation to City Council

- 8. Miscellaneous business
 - A. Inquiries and/or comments by Commission Members
- 9. Reports of airport businesses
- 10. Hearings of citizens upon Commission matters
- 11. Adjournment

MINUTES OF

THE

LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING June 17, 2013

4:00 p.m.

PRESENT:

Jones Stanley Robert Day Stewart Hobbs David Laurrell Don Brown Kimball Payne Charles Nowlin

ABSENT:

Lynch Christian Bert Dodson

STAFF PRESENT:

Mark Courtney, Airport Director Rick Stein, Deputy Airport Director Wes Campbell, Airport Finance Director

(1) <u>CALL TO ORDER:</u>

The meeting was called to order at 4:00 p.m.

(2) APPROVAL OF June 17, 2013 CONSENT AGENDA

Mr. Hobbs confirmed that everyone had received the items from the consent agenda; the March 25, 2013 Commission Meeting Minutes, the June 2013 Air Service Update and the April 2013 Passenger Traffic Report and asked if there were any questions, comments or changes regarding the consent agenda items.

Mr. Courtney commented that total passengers this May was up 4% over last May, as indicated in the May Traffic Report he circulated. He further noted that we had some additional flights and additional seat capacity in the month of May and our overall load factor came in at a very respectable 79%. Some of the additional flights were CRJ700s, which came in full with family members of graduates, but went out a little bit less full and vice versa.

There being no further questions or comments, Mr. Hobbs said he was just going to declare the Consent Agenda accepted as presented to receive and file.

(3) REPORT OF THE AIRPORT FINANCE MANAGER

A. A report with regards to the airport's 3rd Quarter FY 2013 Financial Report

Mr. Wes Campbell explained that since the March numbers were almost obsolete he had updated some of his projections through the end of May to give a more current prospective on where we think the fiscal year is going to end up.

He presented a summary of our operating fund. He said we basically have four components that make up our net assets (formerly referred to as fund balance), we have retained earnings, we have two reserves relating to our

rental car facility, and then encumbrances which are basically purchase orders that were carried forward from a previous fiscal year that are still in process as of the end of the year and the beginning of the following year.

The figures presented were actuals for fiscal year 2012, the budgeted amounts for the current fiscal year 2013 as approved, and the projected figures for the rest of the fiscal year.

He explained that as the Revenues section indicates, for the current fiscal year we budgeted \$1,895,000.00 in revenues, and we are projecting a little over \$2,000,000.00 in revenues, which represents a 0.4% increase. He said our core revenues are related to leases and concession items and the numbers tend to be more stable and predictable than the revenue numbers shown in the "miscellaneous" section. He remarked that the subsidy that we get from the City makes up the difference.

He explained that he expenditures were presented by category, rather than by department, with the categories being salaries and wages, benefits, contractual services, fleet charges and then seven or eight miscellaneous charges, some non-departmental which tend to be highly fluctuating type expenses and debt service.

He explained that the final section of the financial report included list of projects that we have completed which correlate to the non-recurring expense; small, unbudgeted projects that don't tend to recur from year to year but are included in the total. A little over \$450,000 is projected in non-recurring projects, some of which are eligible for state money. He stated that we are projecting revenues to be greater than budget, and projecting our expenses to be slightly under budget.

We are projecting retained earnings at the end of this fiscal year to be around \$270,000, putting us in pretty good shape starting off next year. He said next year our subsidy from the City was approved at approximately \$289,000, but it is expected that we will need \$40,000 or \$50,000 less than the approved amount. He stated that we are on track to eliminate that subsidy completely within the next two or three years as we have been projecting for some time now. He asked if anyone had any questions or comments.

[Someone] asked what caused expenditures this year to be higher than revenues which resulted in a decrease in retained earnings.

Mr. Campbell responded that \$222,500 was transferred from our operating fund to our capital fund to provide the 20% match to the new ramp that is being built near Freedom Aviation. He said that was the bulk of the decrease in the retained earnings, and that we had been accumulating retained earnings for the past couple of years anticipating the day we would need to provide the 20% match for this project.

Mr. Courtney added that there was not enough federal money to be able to make it into a true 100% federal and state project so we bit the bullet and we planned for it in order to be able to complete that portion of the project.

Mr. Hobbs asked what was going allow the elimination of the subsidy in two to three years.

Mr. Campbell attributed this to the continuously decreasing debt service. For example, the decrease in the debt service for fiscal year 2014 is about \$50,000 which is what resulted in the \$50,000 decrease in the subsidy for next year. Accordingly, the debt service for the following year was down another \$60,000 or so. With the exception of the money that was borrowed for the T-hangars which will be paid off in thirteen or fourteen years, all the other airport's debt is reaching the end of its term within the next two or three years.

There followed a general discussion about the format of the financial report

(4) REPORT OF THE AIRPORT DIRECTOR

A. An update on the status of the FAA's Contract Tower Program and a report on the FAA's FY 2014 budget process and results of recent meetings with our Congressional delegation in Washington to keep the LYH ATCT open.

Mr. Courtney reported that the US Contract Tower Association held an earlier than normal workshop to review the status of the contract tower program, primarily because we are coming up to some key points with congress for the appropriations process for the coming year. He reminded everyone that the Contract Tower Program has been fully funded through the rest of the federal fiscal year (through September 30, 2013) but it is utilizing Airport Improvement Program (AIP) funds. He said there is a little bit of resistance to using a capital program to fund something that is considered operations by many of the airports. However, word was that this was the only way that Congress could identify a source of funding (literally within a couple of hours) to keep the towers open and also eliminate the furloughs of the air traffic controllers.

He said a total of \$253 million is being diverted from the AIP program in this fiscal year. He said he had an opportunity to meet with Congressman Goodlatte and Congressman Hurt and the Transportation Staffers for Senators Kaine and Warner, and that they are still very much committed to obtaining an ongoing, stable source of funding. He said the House was supposedly doing the markup to the appropriations bill this week, followed by the Senate markup next week, but there is a lot going on at Capitol Hill right now, and it is questionable as to when they are going to end up having FAA/DOT bills with funding for the next fiscal year.

He said it looks like there is a good chance of a Continuing Resolution again after September 30 in which case we could theoretically be back in the position again where FAA will be deciding internally how they will make the cuts. Mr. Courtney was told by the Contract Tower staff that from fiscal year 2014 onward, Congress will give agencies more specific direction as far as the sequester.

Mr. Courtney said representatives from the Contract Tower Program were from the operations side of the Contract Tower Program and had no information on many of the questions posed in terms of funding and direction and commitment by the FAA to the Contract Tower Program. He said the contract towers were willing to consider some form of cost sharing such as an AIP grant at 5% or 10% local share in order to help fund the contract towers and even reduce the Contract Tower Program proportionately based on the number of operations. In other words, the lowest activity level towers would be closed. He went on to further detail and explain the issue. There ensued additional discussion.

B. A status report on current airfield projects and FAA discretionary funding needs associated with Phase 2 of the Airfield Rehabilitation Project.

Mr. Courtney showed a diagram on the screen to remind the Members that Phase 2 of the Airfield Rehabilitation Project involves the relocation of Taxiway Delta, Taxiway Charlie and the further expansion of a concrete ramp. The GA ramp project is currently under construction and there is still a big hole there that has to be filled. As mentioned in the Update, there were some problems with the aggregate and reactivity testing, as it failed. A new mix was made, which has to cure and then must be tested again. Construction will most likely begin next week, with July 25th as the projected new date for the opening of the ramp.

Mr. Courtney indicated that engineer's estimates on asphalt pavement or concrete for the Phase 2 airfield rehab project had been received, which were \$3.4 million and \$3.9 million respectively. He further discussed the project.

Mr. Courtney asked for Commission Members' input regarding whether to proceed with the pre-bid meeting scheduled for this Wednesday and the receipt of bids (which are due July 10, 2013), or delay the project until next fiscal year and hopefully have sufficient discretionary funding available then for the whole project.

He said should we re-bid, there should be very little cost associated with re-bidding unless the FAA changes standards which result in redesigning the specifications. He said and of course the more airports like us that decide not to go forward for next year that means that there is going to be money left over for those that possibly could use it this year. He further discussed the issue. He said his recommendation was that since we have very little additional cost to incur, to go ahead and see what the bids are like and keep our hat in the ring basically for discretionary funds. There followed a general discussion.

C. A report regarding the implementation of a daily aircraft parking fee for use of the airport's two full-strength parking ramps as a result of completion of LYH's new concrete ramp project.

Mr. Courtney reported that in anticipation of our full-strength pavement parking ramp opening later in the month, he had circulated a draft of an airport operations advisory to our tenants regarding parking fees and parking guidelines for use of the Mid-field ramp and the South ramp. He said right now he was retaining two air carrier full-strength pavement ramps for use for parking. He said there was no exclusive ramp space at all. There followed a general discussion.

(5) A presentation of the results of a recent airline passenger survey to update airline user profiles and customer satisfaction with key airport services.

Mr. Courtney said when we were successful in getting US Airways to add additional seating capacity around the May 11th graduation at Liberty University, he thought it would be a good opportunity to conduct another survey our passengers, to find out how many of them were actually affiliated with the graduation itself.

Mr. Courtney explained that the decision was made to survey those who were out-bound after graduation was over as these passengers would be "captive" in the boarding area.

The first question of the one page survey was "What reason were you travelling today?" 38% were travelling for business and 62% for leisure. He said typically in a normal May, 60% are business and 40% are leisure, so the influence of the graduations was evident. The next question addressed residency, and of the total respondents, local was 46% were locals within Region 2000, and non-locals were 49%. He said we typically run around 66% locals and 33% non-locals, Roanoke and other non-local originating. He reiterated there was that higher influx of those flying. The followed additional discussion.

The third question asked if the passenger had travelled to Lynchburg to attend a college graduation. 38.3% responded "yes." 91.4% were attending Liberty University's graduation and 6% Randolph College's. He said there were no real surprises there.

The passengers were then asked to rate on a scale of 1-5 (with 1 being "not at all satisfied" and 5 being "completely satisfied") with their experience of flying through Lynchburg Regional Airport.

The first experience criteria was the Airfare. 81% were "satisfied to completely satisfied" with their fares, and only 5% were "not at all satisfied" with our fares. Mr. Courtney was pleased with this finding. The second criteria was Ease and Convenience. 96% rated Lynchburg "satisfied to completely satisfied," while 62% were "completely satisfied" with the ease and convenience. He remarked that this was also no big surprise. For the third criteria, Clean and Well Maintained, 99% rated Lynchburg Regional Airport as being "satisfied to completely satisfied" so again we were very pleased. The fourth criteria, Attractive and Functional Terminal, resulted in ratings of 98% being "satisfied to completely satisfied." The final criteria, Convenient Connections through Charlotte, resulted in ratings of 91% being "satisfied to completely satisfied." He went on to further detail the survey and discuss the issue. There followed a general discussion.

(6) MISCELLANEOUS BUSINESS

A. Inquiries and/or comments by Commission Members.

Mr. Hobbs asked if there were any inquiries or comments by Commission Members.

Mr. Charles Nowlin said he had a question on the Air Traffic Report. He said at one time they used to get seats and load factor stats.

Mr. Courtney responded that it was just to keep the numbers of pages down but that we could add it to the Commission Packets.

Mr. Don Brown asked if the Virginia Aviation lease and the Freedom Aviation lease were up at the same time and if not, when were they up.

Mr. Courtney responded that the Virginia Aviation lease was currently being negotiated and is in process for an effective date of July 1, 2013 and the Freedom Aviation lease is now six years as of July 1, 2013 into a twenty-year franchise agreement. There followed additional discussion.

(7) REPORTS OF AIRPORT BUSINESSES

Mr. Hobbs asked if there were any reports of airport businesses.

Ms. Shelli Oliver said she wanted to let everyone know that Freedom Aviation and Liberty University are partnering together to hold a Women in Aviation Event on June 29, 2013. She said they were still seeking volunteer pilots to help assist in flying everyone so if anyone knew anyone interested they could contact her or Mr. Dave Young. She went on to further detail and discuss the event.

(8) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

Mr. Hobbs asked if there were any questions or comments from the citizens present.

Mr. David Laurell said that was his last regularly scheduled meeting. He said the Campbell County Administrator has a fixed seat on the Commission so Mr. Mike Davidson was going to represent him on the Commission. He said Mr. Davidson was the Director of Economic Development for Campbell County. He went on to further discuss the issue.

Mr. Davidson said he was looking forward to the opportunity.

(9) ADJOURNMENT

There being no further business, the meeting was adjourned.

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR JULY 2013

AIR TRAFFIC REPORT

		MONTH		YR TO DAT	YR TO DATE TOTALS	PERC	PERCENTAGE CHANGES	
						Jul-13	Jul-13	13 YTD
	Jul-13	Jun-13	Jul-12	2013	2012	Jun-13	Jul-12	12 YTD
ENPLANED PASSENGERS	6,344	6,289	6,557	44,960	45,256	%6:0	-3.2%	-0.7%
DEPLANED PASSENGERS	6,192	6,404	6,292	45,345	45,429	-3.3%	-1.6%	-0.2%
TOTAL PASSENGERS	12,536	12,693	12,849	90,305	90,685	-1.2%	-2.4%	-0.4%
AIRCRAFT OPERATIONS (Landings and Takeoffs)								
Air Carrier	200	527	443	3,604	3,358	-5.1%	12.9%	7.3%
General Aviation	7,634	8,147	7,129	58,909	59,865	-6.3%	7.1%	-1.6%
Military	193	233	224	1,681	1,513	-17.2%	-13.8%	11.1%
Total	8,327	8,907	7,796	64,194	64,736	-6.5%	98.9	-0.8%

AIR TRAFFIC REPORT								
· · · · · · · · · · · · · · · · · · ·		MONTH		YEAR TO I	YEAR TO DATE TOTALS		CHANGES	
						Jul-13	Jul-13	13 YTD
	Jul-13	Jun-13	Jul-12	2013	2012	Jun-13	Jul-12	12 YTD
NUMBER OF DAILY SCHEDULED FLIGHTS	IGHTS							
USAirways Express - Piedmont	3	3	1			%0.0	200.0%	
USAirways Express - PSA	0	0	2					
ACA - United Express	0	0	0					
ASA - Delta Connection	0	0	0			#DIA/0i	#DIA/0i	
Allegheny	0	0	0					
Shuttle America	0	0	0					
Air Midwest	3	3	3					
Total	9	9	9			%0.0	%0.0	
NIIMBER OF ACTITAL BLIGHTS								
USAirways Express - Piedmont	120	116	74	618	260	3.4%	62.2%	137.7%
USAirways Express - PSA	-	2	10	29	296			
ACA - United Express	0	0	0	•	,			
ASA - Delta Connection	0	0	0		1	#DIV/0i	#DIA/0i	#DIV/0i
Allegheny	0	0	0	ı	1			
Shuttle America	0	0	0	T				
Air Wisconsin	49	43	16	522	663	œ		3
Total	170	161	175	1,169	1,219	2.6%	-2.9%	-4.1%
NUMBER OF CANCELLED FLIGHTS								
USAirways Express - Piedmont	8	6	3	32	4	7	5	28
USAirways Express - PSA	-	0	-	3	9	-	. 0	۴.
ACA - United Express	0	0	0	Ŧ		0	0	0 ,
ASA - Delta Connection	0	0	0	ř	·	0	0	0
Allegheny	0	0	0	ř	r	0	0	0
Shuttle America	0	0	0		,	0	0	0
Air Wisconsin	1	0	0	11	8	1	1	3
Total	10	6	4	46	18	1	9	28

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR JULY 2013

		HLNON		YEAR TO F	VEAR TO DATE TOTALS	ld	PERCENTAGE CHANGES	ANGES	DEPCENT OF	PEPCENT OF AIPPOPT TOTAL	
Revenue Passengers Only						Jul-13	Jul-13	13 YTD			
N N	Jul-13	Jun-13	Jul-12	2013	2012	Jun-13	Jul-12	12 YTD	Jul-13	Jun-13	Jul-12
ENPLANED PASSENGERS											
USAirways Express - Piedmont	4,398	4,506	2,390	22,383	9,237	-2.4%	84.0%	142.3%	69.3%	71.6%	36.4%
USAirways Express - PSA	01	85	268	188	10,680				0.2%	1.4%	4.1%
ACA - OIIIRA LAPIESS	0	> '	0						0.0%	0.0%	0.0%
ASA - Delta Connection	0	0	0		1	#DIA/0i	#DIA/0i	#DIV/0i	%0.0	%0.0	%0.0
Allegheny	0	0	0						%0.0	%0.0	0.0%
Shuttle America	0	0	0						%0.0	0.0%	0.0%
Air Wisconsin	1,936	1,698	3,899	21,696	25,339				30.5%	27.0%	59.5%
Charter	0	0	0						%0.0	%0.0	%0.0
Total	6,344	6,289	6,557	44,960	45,256	%6:0	-3.2%	-0.7%	100.0%	100.0%	100.0%
DEPLANED PASSENGERS											
USAirways Express - Piedmont	4,266	4,712	2,548	24,456	9,279	-9.5%	67.4%	163.6%	%6'89	73.6%	40.5%
USAirways Express - PSA	23	47	377	1,296	11,280				0.4%	0.7%	%0.9
ACA - United Express	0	0	0						0.0%	0.0%	%0.0
ASA - Delta Connection	0	0	0	3		#DIV/0i	#DIV/0!	#DIV/0!	%0:0	%0.0	%0:0
Allegheny	0	0	0						0.0%	0.0%	%0.0
Shuttle America	0	0	0						0.0%	0.0%	0.0%
Air Wisconsin	1,903	1,645	3,367	19,593	24,870				30.7%	25.7%	53.5%
Colgan Air	0	0	0								
Charter	0	0	0						%0.0	%0.0	%0.0
Total	6,192	6,404	6,292	45,345	45,429	-3.3%	-1.6%	-0.2%	100.0%	100.0%	100.0%
TOTAL PASSENGERS											
USAirways Express - Piedmont	8,664	9,218	4,938	46,839	18,516	-6.0%	75.5%	153.0%	69.1%	72.6%	38.4%
USAirways Express - PSA	33	132	645	2,177	21,960				0.3%	1.0%	2.0%
ACA - United Express	ļ	,	,						%0.0	%0.0 ·	%0.0
ASA - Delta Connection		ж	0	í	į.	#DIV/0!	#DIV/0i	#DIV/0i	0.0%	%0.0	%0.0
Allegheny	1.		,						0.0%	%0.0	%0.0
Shuttle America		•	•			300			%0.0	%0.0	%0.0
Air Wisconsin	3,839	3,343	7,266	41,289	50,209				30.6%	26.3%	56.5%
Colgan Air	0										
Charter								<	%0.0	%0.0	%0:0
Total	12,536	12,693	12,849	90.305	90 685	-1.2%	-2.4%	-0.4%	100 0%	100 0%	100 0%

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AIR TRAFFIC REPORT									
NON-REVENUE PASSENGERS ONLY	LY								
100mm		MONTH		YEAR TO DA	YEAR TO DATE TOTALS	PE	PERCENTAGE CHANGES	ANGES	PERCENT OF
						Jul-13	Jul-13	13 YTD	
	Jul-13	Jun-13	Jul-12	2013	2012	Jun-13	Jul-12	12 YTD	Jul-13
ENPLANED NON-REVENUE PASSENGERS	ENGERS								
USAirways Express - Piedmont	153	128	58	999	244	19.5%	163.8%	132.0%	77.7%
USAirways Express - PSA	0	4	80	26	306				0.0%
ACA - United Express	0	0	0						%0.0
ASA - Delta Connection	0	0	0	ar,	ı	#DIV/0i	#DIV/0i	#DIV/0i	%0.0
Allegheny	0	0	0						%0.0
Shuttle America	0	0	0					-	0.0%
Air Wisconsin	44	55	103	570	812				
Total	197	187	169	1,162	1,362	5.3%	16.6%	-14.7%	77.7%

34.3% 4.7% 0.0% 0.0% 0.0%

68.4% 2.1% 0.0% 0.0% 0.0% 0.0% %9.07

F AIRPORT TOTAL

Jun-13

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR JULY 2013

AIR TRAFFIC REPORT NON-REVENUE PASSENGERS ONLY

· · · · · · · · · · · · · · · · · · ·	THE PERSON NAMED IN	MONTH		YEAR TO D.	YEAR TO DATE TOTALS	PI	PERCENTAGE CHANGES	ANGES	PERCENT OF A	PERCENT OF AIRPORT TOTAL	
						Jul-13	Jul-13	13 YTD			
	Jul-13	Jun-13	Jul-12	2013	2012	Jun-13	Jul-12	12 YTD	Jul-13	Jun-13	Jul-12
DEPLANED NON-REVENUE PASSENGERS	3ERS				2						
USAirways Express - Piedmont	125	158	77	700	334	-20.9%	62.3%	109.6%	68.3%	73.1%	43.0%
USAirways Express - PSA	4	-	9	29	285				2.2%	0.5%	3.4%
ACA - United Express	0	0	0						0.0%	%0.0	%0.0
ASA - Delta Connection	0	0	0	•	0	#DIV/0i	#DIV/0i	#DIV/0i	%0.0	%0.0	%0.0
Allegheny	0	0	0						%0.0	%0.0	%0.0
Shuttle America	0	0	0						0.0%	%0.0	%0.0
Air Wisconsin	54	57	96	501	846				29.5%	26.4%	53.6%
Total	183	216	179	1,230	1,465	-15.3%	2.2%	-16.0%	100.0%	100.0%	100.0%
TOTAL NON-REVENUE PASSENGERS	3										
USAirways Express - Piedmont	278	286	135	1,266	578	-2.8%	105.9%	119.0%	73.2%	71.0%	38.8%
USAirways Express - PSA	4	5	14	55	591				1.1%	1.2%	4.0%
ACA - United Express		•	,						%0.0	%0.0	%0.0
ASA - Delta Connection	ı	¢	ı	ı	T	#DIA/0i	#DIA/0i	#DIV/0i	%0.0	%0.0	%0.0
Allegheny	,	,	,						%0.0	%0.0	%0.0
Shuttle America	1	•							%0.0	%0.0	%0.0
Air Wisconsin	86	112	199	1,071	1,658				25.8%	27.8%	57.2%
Total	380	403	348	2,392	2,827	-5.7%	9.2%	-15.4%	100.0%	100.0%	100.0%

LYNCHBURG REGIONAL AIRPORT

TRAFFIC STATISTICS FOR JULY 2013

	Load	Factor									75.0%
S	Pass.	Enplan. Factor									6,344
TOTALS	Avail.	Seats		•		5,850	111	,	2,500		8,461 6,344 75.0%
	,					117	3	-	20		170
	Load	Factor Depart.									10 20.0% 170
1	Pass Enplan										10
PSA	Avail Enplan Load	Seats	1	0 (20		20
		epart.		0					-		1
ICA	Load	n. Factor Depart. Seats						0			######
SHUTTLE AMERICA	Pass. Enpla	n.									0
UTTLE	Avail	Seats							0		0
SH	Depart								0		•
Y	Load	. Seats . Factor . Seats n. Factor									0 #DIV/0!
ALLEGHENY	Pass. Enplan	٠	A 16								0
ALLE	Avail.	Seats	J. 300			1	0		0		0
	Depart						0		0		0
	Load	Factor	4 74								%0.62
CONSIN	Pass.	Enplan.									1,936
AIR WISCONSIN	Avail.	Seats							2,450		49 2,450
		epart.							49		
	Load	actor L									73.8%
ONT	Pass.	Enplan.									120 5,961 4,398 73.8%
PIEDMONT	Avail.	Seats				5,850	111		,		5,961
		Depart.			1	117	S.				120
	Load	Seats Enplan. Factor Depart. Seats Enplan. Factor Depart. Seats Enplan.									#DIV/0i
, Y		Enplan.									
ASA	Depart Avail. Pass.	Seats						1	ı		ı
	Depart							,	,		
JULY	I	Aircraft Type	CRJ(76 SEAT)	Dornier	DHC-8-200	DHC-8-300	DHC-8	CR7	CRJ(50 SEAT)	BEECH 1900	Total

								-								-											
Year-to-																											
Date		A	ASA			PIEDMONT	TNO		,	AIR WIS	AIR WISCONSIN			ALLEGHENY	HENY		SHUT	SHUTTLE AMERICA	FRICA		PSA	Ą			TOTALS	Ş	
										-	-			-	Fass		-	Pass				Pass					
	Depart	Depart Avail	Pass	Load		Avail	Pass	Load		Avail	Pass	Load	Load Depart Avail Enplan Load Depart Avail Enpla Load	Avail E	Inplan	Load D	epart Av	ail Enply	1 Load		Avail	Avail Enplan Load	Load		Avail	Pass	Load
		Seats	Enplan.	Enplan. Factor Depart.	Depart.	Seats	Enplan.	Enplan, Factor Depart.	Depart.	Seats Enplan.	Enplan.	Factor		Seats		Factor	. Se	Seats n.	n. Factor Depart.	Depart.	Seats		Factor Depart.	Depart.	Seats E	Enplan. F	Factor
EMB-120		1																						1			
Dornier																				0	0	0			•		
DHC-8-200						,																			-		
DHC-8-300					869	29,900								Ę										869	29,900		
DHC-8					20	740							0	-	0									20	740		
CR7	·																			11	737			11	737		
CRJ(50 SEAT)		1				,			522 2	26,100							- 0			18	006			540	27,000		
BEECH 1900														_										ı			
Total	ı		ı	#DIV/0!	618	30,640	618 30,640 22,383 73.1%		522 26,100 21,696	26,100	21,696	83.1% 0	0		0 #1	#DIV/0!		•	######		29 1,637	881	53.8%	1,169	881 53.8% 1,169 58,377 44,960 77.0%	44,960 7	7.0%



Lynchburg Regional Airport Commission

Effective August 2013

AIR SERVICE UPDATE

S	u	m	m	a	ry	7

The number of daily departure seats is 300 and the daily departure frequency is 6 on most days.

V2 X 2 W		AIRPORT TOTAL:	6	300	
	US Airways	Charlotte	6	300	DH3/CRJ
Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	Equipment

US Airways

For the month of August, all the equipment are 50-seaters, with two CRJ200s and four Dash 8-300s weekdays. There are 6 departures weekdays, and 5 departures on Sundays and Saturdays; however, effective August 24, there will be 4 departures on Saturdays for the next several weeks.

Destinations

Served

Non-Stop	Departures	Total

Charlotte 6 (most days)

Aircraft Types

<u>Aircraπ</u>		No. of Departures/Day
DH8	Dash 8	0 Daily
DH3	Dash 8-300	4 Daily
CRJ		2 Daily



August 13th, 2013

Mark F. Courtney, A.A.E. Airport Director Lynchburg Regional Airport 350 Terminal Drive – Suite 100 Lynchburg, Virginia 24502



Re: Ordinance Granting Falwell Aviation, Inc. Franchise for Operations at the Lynchburg Regional Airport

Dear Mr. Courtney: MAK

On July 10, 2007, City Council for the City of Lynchburg (the "City") adopted an ordinance, no. O-07-095, (the "Ordinance") granting Falwell Aviation, Inc. (now d/b/a Freedom Aviation ("Freedom Aviation")) a franchise to construct, manage and operate an aircraft hangar and storage facility and to manage and operate certain existing aircraft hangars and related facilities located at the Lynchburg Regional Airport. As part of the franchise Freedom Aviation was granted the right to operate as a fixed base operator ("FBO") and to provide certain services identified in Article IV of the Ordinance.

Article IV of the Ordinance provides, in part, as follows:

Retail fuel service by third-party lessees shall be provided in accordance with the December 6, 2004, letter from Falwell Aviation to Mark F. Courtney, Airport Director, a copy of which is attached hereto and by this reference made a part of this Franchise. Falwell's right to provide retail fuel services at the Lynchburg Regional Airport does not include the right to operate a fuel farm unless Falwell is specifically authorized to operate a fuel farm in accordance with the provisions of Paragraph A., Article IV-Scope of Services to be Offered by Franchisee and Use of Premises by the Franchisee, of this Franchise.



The referenced December 6, 2004 letter outlines the terms for Freedom Aviation to resell aviation fuel as follows:

... Virginia Aviation will sell fuel from its leased fuel farm directly into Falwell Aviation's Jet A fuel truck. Falwell Aviation will be permitted to resell said fuel to their hangar lease customers (based on 30-day lease or longer) and maintenance customers. Falwell Aviation will also be able to use said fuel in their owned and leased aircraft. No refueling of commercial airlines will be permitted.

This language restricts Freedom Aviation from selling branded aircraft fuel and from selling fuel for use by commercial airlines, cementing an unequal status amongst the FBOs with regard to fuel sales.

Freedom Aviation intends to petition city council to amend the Ordinance to rectify this imbalance by allowing it to sell branded fuel, including the direct sale of fuel for use in commercial and all other aircraft, so as to put it on a level playing field with any other FBO with rights to sell fuel at the Lynchburg Regional Airport. Article V of the ordinance requires Freedom Aviation to obtain your written consent for Freedom Aviation to provide these additional services. The purpose of this letter is to request this. Specifically, Freedom Aviation would like to replace the above quoted language from Article IV of the Ordinance with the following:

In providing retail fuel services, Franchisee shall have the rights to use, sell and resell aviation fuel, branded or otherwise. These rights include, without limitation, the right of Franchisee to sell fuel for use in: (i) base aircraft; (ii) transient aircraft; (iii) commercial (both passenger and freight) aircraft; (iv) military aircraft; and (v) all other aircraft using the Lynchburg Regional Airport. To facilitate these rights, Franchisee shall have and is granted the right to use all apron space and all areas of the apron necessary or convenient for the fueling of aircraft. In no event shall Franchisee's rights with respect to using, selling or reselling aviation fuel, and/or with respect to fueling of aircraft, be any less than the rights of any other FBO operating at Lynchburg Regional Airport.



We seek your written consent to this change. Enclosed is an application for an Airport Permit for these additional services. I would be glad to provide any additional information you might need. If you have any questions, please feel free to contact me. My direct dial number is 434-455-4901.

Best regards,

David Young President



August 20, 2013

Mr. David Young President Freedom Aviation, Inc. .310 Hangar Road Lynchburg, VA 24502

Dear Mr. Young:

This is to acknowledge receipt of your letter dated August 13, 2013 wherein Falwell Aviation, d/b/a Freedom Aviation, is requesting to amend its Franchise Ordinance to remove all references to limitations on retail fueling operations as an authorized full-service fixed base operator (FBO) at Lynchburg Regional Airport.

As you know, Lynchburg Regional Airport's current Minimum Operating Standards for Aeronautical Services or Activities place no limitations on the type of retail fueling services Freedom wishes to provide by this amendment, and I therefore find your request to be consistent with the minimum standards requirements for an authorized FBO. Accordingly, I hereby provide my consent to Freedom Aviation's request to amend the Franchise Ordinance going forward to the Lynchburg Regional Airport Commission and to City Council, and I am placing the request on the Airport Commission's agenda for its next regularly scheduled meeting on August 26, 2013. Following a recommendation by the Commission, the matter will be placed on an upcoming Lynchburg City Council meeting agenda for a public hearing and final action by Council.

I will include a copy of this letter in the Commission meeting package that will be distributed to members prior to next Monday's meeting along with your above referenced letter.

Very truly yours,

Chairman and Members, Lynchburg Regional Airport Commission cc: Walter Erwin, City Attorney

ARTICLE III - AIRPORT PROPERTY PROVIDED TO FRANCHISEE

Property Provided to the Franchisee. The City does hereby provide unto the Franchisee the following buildings and building sites (the "Premises") at the Airport (the dimensions and size of each are approximate):

- 1. An aircraft hangar, consisting of 12,240 square feet known as AP 212, Hangar #7, as shown on **Exhibit A-1**;
- 2. An aircraft hangar, consisting of 15,800 square feet known as AP 212, Hangar #8, as shown on **Exhibit A-1**;
- 3. An aircraft maintenance shop area and office complex, consisting of 15,134 square feet also known as AP 212, as shown on **Exhibit A-1**.
- 4. A 32,300 square-foot building site on which the Franchisee will construct a new 13,200 square-foot aircraft hangar and storage facility to be located adjacent to AP 212, Hangar #7, as shown on **Exhibit A-2**.

The Premises covered in AP Hangars, #7 and #8 include both hangars, both floors of the adjoining office space and maintenance shop areas consisting of a total of 43,174 square feet. The Franchisee will also be permitted to use the public aircraft ramp and vehicle parking areas adjacent to the maintenance hangar facility as shown within the area marked on **Exhibit A-3**. The Franchisee's use and possession of the Premises during the term of this Franchise is subject to a right of entry reserved to the City to conduct inspections and any other rights herein reserved to the City with respect to the Premises. Title to the Premises including facilities thereon remains with the City.

The City covenants that the Franchisee will have the right of quiet enjoyment and possession of the facilities shown on Exhibits A-1, A-2 and A-3, subject to the terms and conditions set forth in this Franchise.

This Franchise gives the Franchisee the right to use the Premises identified above and on **Exhibits A-1**, **A-2** and **A-3** together with the Common Areas listed in Article III (E)(1). The Franchisee does not have the authority to use any other Airport premises or facilities without the prior approval of the City.

ARTICLE IV - SCOPE OF SERVICES TO BE OFFERED BY THE FRANCHISEE AND USE OF PREMISES BY THE FRANCHISEE

The Franchisee shall be allowed to provide the following FBO services at the Lynchburg Regional Airport: (a) Aircraft Charter, FAR Part 135 Air Carrier-Chapter Two, Section VI(B) of the Airport's Minimum Operating Standards (b) Retail Fuel Services-Jet A & Avgas (c) FAR Part 141-approved flight school for primary flight training and ground school in compliance with Chapter Two, Section VI (D) of the Airport's Minimum Operating Standards (d) Aircraft Rental-Chapter Two, Section VI(C) of the Airport's Minimum Operating Standards, (e) Aircraft Sales-Chapter Two, Section VI (F) of the Airport's Minimum Operating Standards, (f) Aircraft Maintenance and Repair, Section VI (A) of the Airport's Minimum Operating Standards, and (g) Aircraft Outside and Inside Storage, Section VI (H)(I) of the Airport's Minimum Operating Standards. Retail fuel services by third-party lessees shall be provided in accordance with the December 6, 2004, letter from Falwell Aviation to Mark F. Courtney, Airport Director, a copy of which is attached hereto and by this reference made a part of this Franchise. Falwell's right to provide retail fuel services at the Lynchburg Regional Airport does not include the right to operate a fuel farm unless Falwell is specifically authorized to operate a fuel farm in accordance with the provisions of Paragraph A., Article IV-Scope of Services to be Offered by the Franchisee and Use of Premises by the Franchisee, of this Franchise. In providing FBO services at the Lynchburg Regional Airport, Falwell will comply with all of the requirements of the Airport's Minimum Operating Standards that are applicable to its activities at the Airport to the satisfaction of the City, either directly or by third-party lessees.

- A. Application for Additional Uses. The Franchisee may not provide any additional services or use the Premises for any other purpose without: 1) a written application as specified in the Airport's Minimum Standards & Rules and Regulations as they now exist of may hereafter be modified or superseded; 2) the written consent of the Airport Director or his designee and, if a non-aeronautical use/service is being requested, the FAA; 3) the Franchisee's Franchise to comply with any additional operating or licensing requirements imposed by the Airport Director or FAA as a condition of approval; and 4) a written amendment to the Franchise approved by Lynchburg City Council.
- B. Unsafe Activities and Materials. The Franchisee covenants that it will not introduce into or onto the Premises, (or any other Airport premises or property), any equipment, materials and/or activity which would be unsafe, detrimental to the public, or which would detrimentally affect the ability of others to utilize Airport facilities. In addition, the Franchisee shall give immediate notice to the City in case of fire or accident occurring in or about the Premises, and of any damage and/or injury occurring there to any person, property and/or equipment.
- C. Minimize Impact. The Franchisee shall conduct its operations in an orderly and proper manner so that it will not unreasonably annoy, disturb or interfere with others conducting business or other operations on or near the Airport. The Franchisee shall also take all reasonable measures to keep the sound level of its operations as low as reasonably possible, particularly during hours of darkness.
 - 1. **Aircraft Engine Run-Ups** Aircraft maintenance run-ups shall be limited to a pre-determined location on the Airport and specific hours as approved by the Airport Director.

D. Appearance and Maintenance of Premises.

- 1. Appearance of Premises. The Franchisee shall keep the Premises in neat condition and good order.
- Maintenance AP 212, Hangars #7 and #8. The Franchisee shall be responsible for interior 2. cleaning, and shall cause to be removed all trash and garbage, and agrees not to deposit the same on any part of the Airport except temporarily in conjunction with the collection or removal thereof. The Franchisee shall not store large quantities of aviation fuel, oils, deicer or similar substances on the Premises in a manner not approved for storage of flammable or hazardous substances. During the term of the Franchise, the Franchisee shall keep and maintain the Premises in substantially the same order and repair as at the inception of this Franchise, reasonable wear and tear excepted; provided, however, that the City shall, as it becomes necessary for the preservation of the Premises, maintain and make all repairs and replacements to the structural supports, frames and roofs of the buildings, including hangar doors and glass. The Franchisee shall repair all damages caused by its agents, employees, guests and patrons. The Franchisee shall reimburse the City for the cost of City-supplied light bulbs, ballasts and other lighting hardware (including hangars) which shall be installed by the City. The Franchisee shall be responsible for maintaining and replacing flooring and carpeting, maintaining and repairing the HVAC system and hangar heating systems, handling minor plumbing repairs, performing routine elevator maintenance and minor repairs and be responsible for a telephone connection as required, and performing interior painting and any other preventive maintenance needed to maintain the Premises in a presentable, safe and operating condition, or that the City determines is necessary to maintain the Premises in a proper condition; however, the Franchisee shall not replace flooring or carpeting or paint the interior of the Premises without the prior approval of the City. The Franchisee shall perform all regular grounds maintenance around the Premises including debris removal, mowing and maintenance of landscaped areas. The Franchisee shall not be responsible for exterior maintenance, except as otherwise provided herein. The City reserves the right to enter the Premises during all reasonable business hours for inspection to insure the maintenance and upkeep conditions of this Franchise are upheld. Should the Franchisee fail to keep the Premises in good order and repair as is reasonably required in order to preserve the general appearance and value of the Premises, and if such maintenance and repair is not

FALWELL AIRPORT 4332 RICHMOND HWY. (U.S. 460 EAST LYNCHBURG, VA. 24501 - 4814 TELEPHONE 434-845-8769 FAX 434-528-1992 FLYFALWELL_COM

Jaluell Aviation, Inc.



December 6, 2004

Mr. Mark F. Courtney Airport Director Lynchburg Regional Airport Lynchburg, VA 24502

Dear Mr. Courtney:

In a meeting held on December 6, 2004, between David Falwell and Jimmy Falwell; representing Falwell Aviation, and James Lampman representing Virginia Aviation, it was mutually agreed that Falwell Aviation is requesting an amendment to our FBO application, submitted November 29, 2004, to permit limited FBO operations including the resale of fuel as outlined below.

Under this agreement, Virginia Aviation will sell fuel from its leased fuel farm directly into Falwell Aviation's Jet A fuel truck. Falwell Aviation will be permitted to resell said fuel to their hangar lease customers (based on 30-day lease or longer) and maintenance customers. Falwell Aviation will also be allowed to use said fuel in their owned and leased aircraft. No refueling of commercial airlines will be permitted.

Sincerely,

James C. Falwell

Chief Operating Officer

NIGHT PHONES: W. C. Falwell 434 845-9298 L. W. Falwell 434 947-4982 J. C. Falwell 434 846-1931 K.W. Falwell 434 610-2254



August 14th, 2013

Lynchburg Regional Airport Commission Lynchburg Regional Airport 350 Terminal Drive – Suite 100 Lynchburg, Virginia 24502

Re: Proposal for the construction a new aircraft hangar by Freedom Aviation at the Airport

For the consideration of the Lynchburg Regional Airport Commission, Freedom Aviation submits a proposal for the construction of an aircraft storage hangar.

APPLICANT INFORMATION

Freedom Aviation 310 Hangar Road Lynchburg, VA 24502 P: 434.237.7002

SUMMARY

The proposed dimensions of the hangar will be 150' x 95', plus the door wings, totaling 14,580 square feet. Additionally, apron space will be added to accommodate the structure, allowing aircraft to be pulled in and out the entire length of the door, as well as running up and adjacent to the new ramp being poured by the City of Lynchburg. See attached diagram for exact proposed location.

CONSTRUCTION DETAILS

- Hangar door 28' in height
- Heated
- Water via EPA tank
- Phone line
- Electricity
- Power cart plug ins (240)
- Air compressor



PURPOSE

The hangar will be used primarily and immediately for aircraft storage. At present Freedom Aviation has a severe shortage of ramp and hangar space, which we are remedying in part by renting space from Virginia Aviation and storing some of our based customers on their leased ramp. This new hangar will address a portion, though not all, of our space limitations.

In future, we may opt to utilize the hangar to expand our maintenance operation. Therefore, its proximity to one of our primary maintenance hangars, Hangar #8, is proposed to allow for a convenient transition to such operations down the road.

The hangar will not contain office space, bathrooms or other additional facilities.

The proposed location also allows us to retain as much useable apron space as possible. The ramp space in front of Hangar #8 is subject to frequent moving of aircraft (in and out of maintenance). Adding an additional hangar in this vicinity allows us to contain areas of high movement to a more singular area, and retain as much useable ramp space as possible for other means.

Regards,

President

